



GOVERNMENT OF THE CAYMAN ISLANDS

**MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND
TRANSPORT**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2014**

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MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Ministry of District Administration, Tourism and Transport in accordance with the provisions of the Public Management and Finance Law (2013 Revision).

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2013 Revision).

As Chief Officer I am responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Ministry Of District Administration, Tourism and Transport.

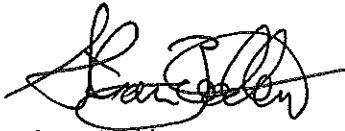
As Chief Officer and Chief Financial Officer we are responsible for the preparation of the Ministry of District Administration, Tourism and Transport financial statements, representation and judgements made in these statements. The financial statements fairly present the financial position, financial performance and cash flows of the Ministry of District Administration, Tourism and Transport for the financial year ended 30 June 2014 except for the categories listed below.

To the best of our knowledge we represent that these financial statements:

- (a) completely and reliably reflect the financial transactions of Ministry of District Administration, Tourism and Transport for the year ended 30 June 2014 except for the categories listed below;
- (b) fairly reflect the financial position as at 30 June 2014 and performance for the Year ended 30 June 2014 except for the categories listed below;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector except for the categories listed below: Inventories, Property plant and equipment, Trades payable, Net worth, Depreciation expense, Supplies & Consumables (Maintenance Accounts) and Statement of cash flows.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.



Stran Bodden
Chief Officer

Date- 31 OCTOBER, 2014



Neyka Webster
Chief Financial Officer

Date- 31 October 2014

AUDITOR GENERAL'S REPORT

To the Chief Officer and Members of the Legislative Assembly of the Cayman Islands

I have audited the accompanying financial statements of the **Ministry of District Administration, Tourism and Transport** (the "Ministry"), which comprise the statement of financial position as at 30 June 2014, statement of financial performance, statement of changes in net worth and cash flow statement, for the year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 12 - 30 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2013 Revision)* ("PMFL").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards ("IPSAS") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion

Inventory

The Ministry did not have sufficiently robust controls in place to ensure that its Inventory on hand was reported in the financial statements. During the audit it was represented to us that this account balance was omitted from the financial statements. As such I did not receive sufficient and appropriate audit evidence to opine on the completeness, existence, accuracy and proper valuation of inventory at June 30, 2014.

Property Plant & Equipment & Depreciation Expense

I did not receive sufficient and appropriate audit evidence to conclude that the account balance is fairly stated. Therefore, I was unable to conclude that the Property Plant and Equipment & the associated depreciation expense, included in the financial statements were fairly stated as at June 30, 2014.

Trade Payables

I did not receive sufficient and appropriate audit evidence to conclude that the account balance is fairly stated. Included within the account balance are amounts for purchase orders (PO) of \$195,000 that the Ministry was unable to substantiate. Therefore due to the potential effects of the POs on the trade payables, I was unable to conclude that account as a whole was fairly stated as at June 30, 2014.

Supplies & Consumables

The Supplies and Consumables expense recorded in the Statement of Financial Performance amounted to \$16,149,000. Included within this expense there is an amount for Supplies and Materials of \$462,000 which is disclosed in note (10) of the financial statements. I did not receive sufficient and appropriate audit evidence to conclude that the Supplies and Materials were fairly stated due to poor accounting and significant control matters as it relates to the controls over the inventory management process. The effects of Supplies and Material do not impact on the entire Supplies and Consumable expenses. Therefore, except for these matters the account balance is fairly stated.

Statement of Cash Flows

Prior to the commencement of my audit procedures, I received representations from management to the effect, that they could not provide me with supporting documentation required to validate the statement of cash flows. As such, I was unable to conclude that statement of cash flows was fairly stated as at June 30, 2014.

Net Worth

Based on the above matters and representation received from management I did not receive sufficient and appropriate audit evidence to conclude that the account balance is fairly stated. As such, I am therefore unable to conclude the Net Worth is fairly stated at 30 June 2014.

Qualified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion the financial statements present fairly, in all material respects, the financial position of the Ministry of District Administration, Tourism and Transport as at June 30, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

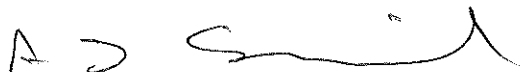
Emphasis of Matter

As outlined in note (15) under the explanation for “supplies and consumables” variances the Ministry was authorized under section 11(5) of the Public Management and Finance Law to make adjustments to its appropriations for an amount of \$132,000 for exceptional circumstances. As at the date of this report being issued the Supplementary Appropriation Bill has not been passed into Law by the Legislative Assembly.

As disclosed in note (21) the Ministry presented prior year figures that are not comparable to its current year financial statements information as required by *IPSAS 1 -Presentation of Financial Statements*. Under the standards, except when an IPSAS permits or requires otherwise, comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements.

Other Matters

Without further qualifying my opinion, I noted that expenditures incurred under Output Group numbers DAT 2, DAT 6, DAT 9, DAT 14 exceeded the respective amounts approved in the appropriation law 2014. This does not comply with the *PMFL section 9(4)* which states that an amount appropriated in respect of an output group, category, equity investment or executive asset referred to in subsection (3) may be used only for that output group, category, equity investment or executive asset.



Alastair Swarbrick, MA (Hons), CPFA
Auditor General

Cayman Islands
31 October 2014

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

(Expressed in Cayman Islands Dollars)

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Current Assets						
11,515	Cash and cash equivalents	2	4,669	11,332	11,332	6,663
2,216	Trade receivables	3	7,482	2,374	2,374	(5,108)
9	Other receivables	3	59	6	6	(53)
100	Prepayments	4	607	206	206	(401)
13,840	Total Current Assets		12,817	13,918	13,918	1,101
Non-Current Assets						
10,456	Property, plant and equipment	5	599	1,687	1,687	1,088
2	Intangible Assets	5b		2	2	2
10,458	Total Non-Current Assets		599	1,689	1,689	1,090
24,298	Total Assets		13,416	15,607	15,607	2,191
Current Liabilities						
218	Trade payables	6	608	193	193	(415)
482	Other payables and accruals	6	889	634	634	(255)
253	Employee entitlements	7	332	867	867	535
953	Total Current Liabilities		1,829	1,694	1,694	(135)
953	Total Liabilities		1,829	1,694	1,694	(135)
23,345	Net Assets		11,587	13,913	13,913	2,327
Net Worth						
5,881	Contributed capital		(1,990)	(12,087)	(12,087)	(10,096)
1,370	Revaluation reserve					
16,093	Accumulated surplus		13,577	26,000	26,000	12,423
23,345	Total Net Worth		11,587	13,913	13,913	2,327

The accounting policies and notes on pages 12-30 form an integral part of these financial statements.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014
(Expressed in Cayman Islands Dollars)

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Revenue						
34,649	Sale of goods and services	8	27,815	30,318	30,318	2,503
34,649	Total Revenue		27,815	30,318	30,318	2,503
Expenses						
17,507	Personnel costs	9	13,310	14,203	13,928	893
16,052	Supplies and consumables	10	16,149	15,874	16,149	(275)
1,575	Depreciation	5	62	201	201	139
	Amortisation of Intangible Assets		1	-	-	(1)
34	Litigation costs	11	23	33	33	10
2	losses on foreign exchange transactions	12	20	2	2	(18)
	losses on disposal/revaluation of property, plant and equipment	12	1	-	-	(1)
35,170	Total Expenses		29,566	30,313	30,313	747
(521)	Deficit for the period		(1,751)	5	5	1,756

The accounting policies and notes on pages 12-30 form an integral part of these financial statements.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
GOVERNMENT OF THE CAYMAN ISLANDS
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2014
(Expressed in Cayman Islands Dollars)

	Contributed Capital \$'000	Reserves \$'000	Revaluation Reserve \$'000	Accumulated Surplus/ (deficits) \$'000	Total Net worth \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig. vs. Actual) \$'000
Balance at 1 July 2012 brought forward	8,432	-	-	36,418	44,850	14,336	14,336	(30,514)
Prior Year Adjustments	1,099	-	-	(19,803)	(18,704)	-	-	18,704
Restated balance	9,531	-	-	16,521	26,146	14,336	14,336	(11,810)
Changes in net worth for 2012/13								
Net revenue / expenses recognised directly in net worth	(3,650)	-	1,370	-	(2,280)	-	-	2,280
Deficit for the period 2012/13	-	-	-	(521)	(521)	(522)	(522)	(1)
Total recognised revenues and expenses for the period	(3,650)	-	1,370	(521)	(2,801)	(522)	(522)	2,279
Balance at 30 June 2013 carried forward	5,881	-	1,370	16,094	23,345	13,814	13,814	(9,531)

The accounting policies and notes on pages 12-30 form an integral part of these financial statements.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT

GOVERNMENT OF THE CAYMAN ISLANDS

STATEMENT OF CHANGES IN NET WORTH

FOR THE YEAR ENDED 30 JUNE 2014

(Expressed in Cayman Islands Dollars)

	Contributed Capital	Other Reserves	Revaluation Reserve	Accumulated Surplus/ (deficits)	Total Net worth	Original Budget	Final Budget	Variance (Orig. vs. Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2013 brought forward	5,881	-	1,370	16,094	23,345	13,814	13,814	(9,531)
Changes in net worth for 2012/13								
Prior Year Adjustments	-	-	-	(766)	(766)	-	-	766
Restated balance	5,881	-	1,370	15,328	22,579	13,814	13,814	(8,765)
Changes in net worth for 2013/14								
Equity Investment from Cabinet	649	-	-	-	649	100	100	(549)
Capital withdrawals by Cabinet	(8,520)	-	(1,370)	-	(9,890)	-	-	9,890
Net revenue / expenses recognised directly in net worth	(7,871)	-	(1,370)	-	(9,241)	100	100	9,341
Deficit for the period 2013/14	-	-	-	(1,751)	(1,751)	-	-	1,751
Total recognised revenues and expenses for the period	(7,871)	-	(1,370)	(1,751)	(10,992)	100	100	11,092
Balance at 30 June 2014	(1,990)	-	-	13,577	11,587	13,914	13,914	2,327

The accounting policies and notes on pages 12-30 form an integral part of these financial statements.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014
(Expressed in Cayman Islands Dollars)

Prior Year Actual \$'000		Note	Current Year Actual \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES USED IN						
<i>Receipts</i>						
41,673	Outputs to Cabinet		19,563	29,200	29,200	9,637
	Outputs to other government agencies		2,478	-	-	(2,478)
1,121	Sale of goods and services - third party		1,474	335	335	(1,139)
<i>Payments</i>						
(15,605)	Personnel costs		(12,594)	(13,806)	(13,806)	(1,212)
(21,329)	Supplies and consumables		(17,341)	(15,874)	(15,874)	1,467
(2)	Other payments		(459)	(38)	(38)	421
5,858	Net cash flows from operating activities used in	13	(6,879)	(183)	(183)	6,696
CASH FLOWS FROM INVESTING ACTIVITIES USED IN						
-	Purchase of property, plant and equipment		(54)	(100)	(125)	(46)
-	Net cash flows from investing activities used in		(54)	(100)	(125)	(46)
CASH FLOWS FROM FINANCING ACTIVITIES USED IN						
-	Equity Investment		87	100	125	13
-	Net cash flows from financing activities used in		87	100	125	13
5,858	Net increase/(decrease) in cash and cash equivalents		(6,846)	(183)	(183)	6,663
5,658	Cash and cash equivalents at beginning of period		11,515	11,515	11,515	-
11,515	Cash and cash equivalents at end of period	2	4,669	11,332	11,332	6,663

The accounting policies and notes on pages 12-30 form an integral part of these financial statements.

**MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014**

Description and Principal Activities

The Ministry of District Administration, Tourism and Transport ("the Ministry") is a Government owned entity as defined by section 2 of the Public Management and Finance Law (2013 Revision) and it is domiciled in the Cayman Islands.

After the General Election of 2013 the former Ministry of Finance, Tourism and Development was reorganised to form the current Ministry. Effective 1 July 2013, the Ministry consists of the Ministry Administration, the District Administration department, Department of Tourism, Public Transport Unit and the Cayman Islands National Weather Service.

Its principal activities and operations include all activities carried out in terms of the outputs purchased by the Ministry as defined in the Annual Plan and Estimates for the Government of Cayman Islands for the financial year ending 30 June 2014.

The Department of Tourism is charged with short and medium term responsibility for strategic planning and general destination management for the Cayman Islands tourism industry. The nature of the activities executed range from research and policy advice to international marketing and sales, from industry training programmes, to the development of environmentally responsible management of the tourism industry. The department seeks to advance the heritage, culture and values of the Cayman Islands and promote the advancement of sustainable tourism policies for the benefit of future generations.

District Administration Department is the main Government Office within the Sister Islands. It is headed by the District Commissioner. The Department administers and support the business of Government in Cayman Brac and Little Cayman, ensuring the timely and efficient implementation of Government policies.

The Cayman Islands National Weather Service became an official entity in June 2010 under the administration of the Ministry of District Administration, Works, Lands and Agriculture. The Service is responsible for monitoring meteorological events and provision of meteorological information. The unit also plays a key role in Cayman's hurricane preparedness and mitigation efforts. The weather service operates from the General Aviation Terminal at the Owen Roberts International Airport.

The Public Transport Unit is responsible for the public transport network, frequencies and fares in the Cayman Islands. The Unit manages the despatch of buses to all districts from the Bus Depot located in central George Town.

Note 1: Significant Accounting Policies

Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget as required by IPSAS 24 including explanations of material difference between original budget and actual amounts.

The details and presentation of the Statement of Changes in Net Worth has been changed to show greater detail and to reflect changes in accounting policies and corrections of errors and omissions.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

Note 1: Significant Accounting Policies (continued)

(b) Budget Amounts

The original and final budget amounts for the financial year are presented in the 2013-14 Annual Budget Statement and approved by the Legislative Assembly on 7 October 2013.

(c) Judgments and Estimates

The preparation of financial statements is in conformity with International Public Sector Accounting Standards that requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period they are determined and in any future periods that are affected by those revisions.

(d) Changes in Accounting Estimates

There have been no changes to accounting estimates as defined by IPSAS 3.

(e) Revenue

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognised as a liability (unearned revenue).

The Ministry derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognised at fair value of services provided.

(f) Expenses

Expenses are recognised in the accounting period in which they are incurred.

(g) Operating Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under the operating leases are recognised as expenses on a straight-line basis over the lease term.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months at the date of acquisition.

When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognised as a loss in the Statement of Financial Performance.

(i) Prepayments

The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment in these financial statements.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

Note 1: Significant Accounting Policies (continued)

(j) Property, Plant and Equipment

Property, plant and equipment, is stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Depreciation is expensed on a straight-line basis at rates stipulated below to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Buildings and structures	10 – 60 years
• Building fit-out (when accounted for separately)	5 – 25 years
• Leasehold Improvement	Over the unexpired period of lease or the useful life of the improvement
• Computer Equipment	3 – 10 years
• Developed software	4 – 10 years
• Office equipment and furniture	3 – 25 years
• Motor vehicles	3 – 20 years
• Telecommunications	5 – 50 years
• Other equipment	5 – 20 years

Disposals

Gains and losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

(k) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of the Ministry are paid to the Public Service Pension Fund and administered by the Public Service Pension Board (the “Board”). Contributions of 12% - employer 6% and employee 6% are made to the Fund by the Ministry.

Prior to 1 January 2000, the Board operated a defined benefit scheme. With effect from 1 January 2000, the Board continued to operate a defined benefit scheme for existing employees and a defined contribution scheme for all new employees. Obligations for contribution to defined contribution retirement plans are recognised in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans are

**MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014**

Note 1: Significant Accounting Policies (continued)

centralized in the Government and therefore, reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

(l) Financial Instruments

The Ministry is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, trade and accounts receivables and trade and accounts payable, all of which are recognised in the Statement of Financial Position.

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and receivables.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial instruments comprise of accounts payable and accrued expenses.

Recognition

The Ministry recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the Statements of Financial Performance.

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

De-recognition

A financial asset is de-recognised when the Ministry realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expired.

(m) Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

Note 1: Significant Accounting Policies (continued)

(n) Foreign Currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the Statement of Financial Performance.

At the end of the reporting period the following exchange rates are to be used to translate foreign currency balances:

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate at year end date;
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and
- Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

(o) Revenue from Non-Exchange Transactions

The Ministry receives various services from other government entities for which payment is made by the Cayman Islands Government. These services include but are not limited to computer repairs and software maintenance by the Computer Services Department, human resources management by the Portfolio of the Civil Service and office space from the Cayman Islands Airport Authority. The Ministry has designated these non-exchange transactions as Services in-Kind as defined under IPSAS 23 – Revenue from non-exchange Transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. Where services in-kind offered are directly related to construction or acquisition of a fixed asset, such service in-kind is recognised in the cost of the fixed asset.

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of the Ministry of District Administration, Tourism and Transport maintained at Royal Bank of Canada, Cayman National Bank, Barclays Bank (UK) and Bank of America (NY), and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2014 the Ministry held restricted cash balances of \$75 thousand payable to other Government Departments.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 June 2014

Note 2: Cash and cash equivalents (continued)

Actual Prior Year \$'000	Description	Foreign Currency \$'000	Exchange Rate \$'000	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
541	Cash on hand			2	508	508	506
2	Cash in transit			135	2	2	(133)
10,216	CI\$ Operational Current Account			4,597	9,615	9,615	5,018
147	US\$ Operational Current Account	221	0.8375	185	498	498	313
609	Payroll Current Account			(331)	709	709	1,040
	US\$ Bank Accounts held at other financial institutions	(236)	0.8375	(198)			198
	CND\$ Bank Accounts held at other financial institutions	90	0.7780	70			(70)
	GBP Bank Accounts held at other financial institutions	147	1.4198	209			(209)
	Fixed Deposits held with Treasury (less than 90 days)						
11,515	TOTAL			4,669	11,332	11,332	6,663

Note 3: Trade receivables and other receivables

At year end all, overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for the Ministry and review of specific debtors. Expected losses have been determined based on an analysis of the Ministry losses in previous periods.

Actual Prior Year \$'000		Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Trade Receivables				
1,574	Sale of goods and services	-	2,374	2,374	2,374
642	Outputs to Cabinet	7,459	-	-	(7,459)
	Other Trade Receivable	23	-	-	(23)
2,216	Total trade receivables	7,482	2,374	2,374	(5,108)

Actual Prior Year \$'000	Other Receivables	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Org vs Actual) \$'000
3	Advances (salary, Official Travel, etc.)	-	4	4	4
2	Dishonoured cheques	2	2	2	-
	Interest receivable	-	-	-	-
4	Other Receivable	57	-	-	(57)
9	Total other receivables	59	6	6	(53)

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

Note 3: Trade receivables and other receivables (continued)

Actual Prior Year \$'000	Receivables	Trade Receivable \$'000	Other Receivable \$'000	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Current						
2,216	Past due 1-30 days	7,470	59	7,529	2,381	2,381	(5,148)
	Past due 31-60 days	11	-	11	-	-	(11)
	Past due 61-90 days	-	-	-	-	-	-
	Past due 90 and above	1	-	1	-	-	(1)
	Non-Current						
	Past due 1 year and above	-	-	-	-	-	-
2,216	Total	7,482	59	7,541	2,381	2,381	(5,160)

As of 30 June 2014, trade receivables and other receivables are all due within one year from financial position date.

Note 4: Prepayments

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
100	Accrued Prepayments	607	206	206	(401)
100	Total Prepayments	607	206	206	(401)

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

Note 5: Property, plant and equipment

Cost or Opening Valuation	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Office Equipment	Infrastructure	Roads and Sidewalks	Motor Vehicles	Marine Vessels	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	10,718	6,328	404	274	263	34		1,036	463	146	19,666	6,561	6,561	(13,105)
Additions	2,254					135			122		2,511			(2,511)
Revaluation														
Disposals		(1,368)	(18)	(87)	(69)			(21)		(146)	(1,709)			1,709
Transfers														
Balance as at 30 June 2013	12,972	4,960	386	187	194	169		1,015	585		20,468	6,561	6,561	(13,907)

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Office Equipment	Infrastructure	Roads and Sidewalks	Motor Vehicles	Marine Vessels	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	12,972	4,960	386	188	195	169		1,015	586		20,471	6,561	6,561	(13,910)
Additions	(12,953)						17			136	(12,800)	100	100	12,900
Revaluation														
Disposals														
Transfers		(4,666)	(21)	(38)	(127)	(155)		(848)	(586)		(6,441)	(37)	(37)	6,404
Balance at 30 June 2014	19	294	365	150	68	14	17	167		136	1,230	6,624	6,624	5,394

Accumulated Depreciation and Impairment Losses	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Office Equipment	Infrastructure	Roads and Sidewalks	Motor Vehicles	Marine Vessels	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	5,699	4,938	176	241	150	21		734	280		12,239	4,772	4,772	(7,467)
Transfers	958	(4,689)	(13)	(93)	(49)	80		(56)	93		(3,769)			3,769
Impairment Reserve - Closing Balance 2013														
Depreciation Expense	994	304	31	22	26	4		114	48		1,543			(1,543)
Eliminate on Disposal														
Balance as at 30 June 2013	7,651	553	194	170	127	105		792	421		10,013	4,772	4,772	(5,241)

	Plant and equipment	Buildings and Leasehold	Furniture and Office Equipment	Computer Hardware	Office Equipment	Infrastructure	Roads and Sidewalks	Motor Vehicles	Marine Vessels	Assets under construction or development	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	7,651	553	193	170	128	105		792	422		10,014	4,772	4,772	(5,242)
Transfers	(7,632)	(537)	(11)	(26)	(70)	(99)		(648)	(422)		(9,445)	(37)	(37)	9,408
Impairment Reserve - Movement 2014														
Depreciation Expense		8	31	5	5	3		10			62	201	201	139
Eliminate on Disposal														
Balance at 30 June 2014	19	24	213	149	63	9		154			631	4,936	4,936	4,305
Net Book value 30 June 2013	5,321	4,407	192	17	67	64		223	164		10,455	1,789	1,789	(8,668)
Net Book value 30 June 2014		270	152	1	5	5	17			136	599	1,687	1,687	1,089

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

Note 5b: Intangible Assets

	Computer Software \$'000	Total \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Cost or Opening Valuation					
Balance as at 1 July 2012	54	54			(54)
Additions	1	1	55	55	54
Revaluation					
Disposals					
Transfers					
Balance as at 30 June 2013	55	55	55	55	0

	Computer Software \$'000	Total \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Balance as at 1 July 2013	55	55	55	55	0
Additions					
Revaluation					
Disposals					
Transfers	(51)	(51)			51
Balance at 30 June 2014	4	4	55	55	51

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

Note 5b: Intangible Assets (continued)

Accumulated Depreciation and Impairment Losses	Computer Software \$'000	Total \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
Balance as at 1 July 2012	51	51			(51)
Transfers 2012/13	1	1	53	53	52
Impairment Reserve 2012/13					
Depreciation Expense 2012/13	1	1			(1)
Eliminate on Disposal 2012/13					
Balance as at 30 June 2013	53	53	53	53	(0)

	Computer Software \$'000	Total	Original Budget	Final Budget	Variance (Orig vs Actual)
Balance as at 1 July 2013	53	53	53	53	(0)
Transfers 2013/14	(50)	(50)			50
Impairment Reserve 2013/14					
Depreciation Expense 2013/14	1	1			(1)
Eliminate on Disposal 2013/14					
Balance at 30 June 2014	4	4	53	53	49

Net Book value 30 June 2013	2	2	2	0
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Net Book value 30 June 2014			2	2
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MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 June 2014

Note 6: Trade payables, other payables & Accruals

Prior Year Actual \$'000	Description	Current \$'000	Non-current \$'000	Total Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
204	Creditors	310		310	193	193	(117)
2	Creditors Ministries/Portfolios	128		128			(128)
12	Creditors other government agencies	170		170			(170)
112	Payroll Deductions	70		70	111	111	41
264	Accrued Expenses	676		676	415	415	(261)
106	Other payables	143		143	108	108	(35)
700	Total trade payables, other payables & accruals	1,497		1,497	827	827	(670)

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 7: Employee entitlements

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	<i>Current employee entitlements are represented by:</i>				
47	Comp Time Liability	83	337	337	254
206	Long Service Leave and Other Leave Entitlements	249	530	530	281
253	Total current portion	332	867	867	535
	<i>Non-current employee entitlements are represented by:</i>				
	Retirement and long service leave				
253	Total employee entitlements	332	867	867	535

The Comp time and long-service leave entitlements are calculated based on current salary paid to those employees who are eligible for this benefit.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

Note 8: Revenue

Actual Prior Year \$'000	Revenue type	Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Original vs Actual) \$'000
34,436	Outputs to Cabinet	27,327	29,982	29,982	2,655
136	Fees and charges	321	277	277	(44)
26	General Sales	60	19	19	(41)
	Rentals		13	13	13
51	Other	107	27	27	(80)
34,649	Total sales of goods and services	27,815	30,318	30,318	2,503

¹ Outputs to Cabinet comprise goods delivered to and services performed on behalf of the Cayman Islands Government.

² Fees & charges, general sales, rentals & others include administrative fees and user charges levied on the public for the delivery of government services. Certain respective rates and fee structures are gazetted and governed by the relevant revenue laws and regulations.

No revenue concessions were granted during the financial year ended 30 June 2014.

Note 9: Personnel costs

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
13,819	Salaries, wages and allowances	10,734	11,383	11,108	649
2,535	Health care	1,992	2,204	2,204	212
706	Pension	521	604	604	83
387	Leave	(6)			6
60	Other personnel related costs	69	12	12	(57)
17,507	Total Personnel Costs	13,310	14,203	13,928	893

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

Note 10: Supplies and consumables

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
254	Supplies and Materials	462	423	423	(39)
10,988	Purchase of services	11,538	11,112	11,387	(426)
1,146	Lease of Property and Equipment	1,025	1,144	1,144	119
580	Utilities	674	722	722	48
434	General Insurance	243	260	260	17
109	Interdepartmental expenses	100	115	115	15
517	Travel and Subsistence	580	530	530	(50)
244	Recruitment and Training	223	269	269	46
1,780	Other	1,304	1,299	1,299	(5)
16,052	Total Supplies & consumables	16,149	15,874	16,149	(275)

Note 11: Litigation costs

Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Revised Budget \$'000	Variance (Original vs Actual) \$'000
34	Legal Fees	23	33	33	10
34	Total litigation costs	23	33	33	10

The Attorney General's Office provides litigation services to the Ministry. However, during the year ended 30 June 2014 the use of legal services by the Department of Tourism overseas offices from outside of the Government was used for services such as contract reviews and advertising disclaimers. The costs of these services were \$33,848 in 2012-13 and \$22,684 in 2013-14.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

Note 12: Gains / (Losses)

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
	Net losses on disposal of property, plant and equipment	1			(1)
2	Net losses on foreign exchange Transactions	20	2	2	(18)
2	Total losses	21	2	2	(19)

Note 13: Reconciliation of net cash flows from operating activities to surplus

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Original Budget \$'000	Final Budget \$'000	Variance (Orig vs Actual) \$'000
(522)	Surplus/(deficit) from ordinary activities	(1,751)		0	1,751
	Non-cash movements				
1,575	Depreciation expense	63	202	202	139
	(Gain)/losses on sale of property plant and equipment	1			(1)
	Changes in current assets and liabilities:				
7,380	(Increase)/decrease in receivables - Cabinet	(245)			245
433	(Increase)/decrease in other current assets	(5,822)	(385)	(385)	5,437
(3,350)	Increase/(decrease) in current liabilities	796			(796)
342	Increase/(decrease) in provisions relating to employee costs	79			(79)
5,858	Net cash flows from operating activities	(6,879)	(183)	(183)	6,696

Note 14: Contingent liabilities and assets

The Ministry has no contingent assets as at 30 June 2014. Any contingent liabilities relating to the Ministry as at 30 June 2014 are reported in the consolidated accounts for the Cayman Islands Government.

**MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014**

NOTE 15: Explanation of major variances against budget

Explanations for major variances for the Ministry's performance against the original budget are as follows:

Statement of financial position

Cash and cash equivalents

The actual year-end cash balances were \$6.7 million below budget due to May and June 2014 Cabinet output revenue not collected by year end.

Debtors and other receivables

The actual year-end debtors and other receivables balances were higher than the original budget by \$5.1 million due to May and June 2014 Cabinet output revenue not collected by year end.

Current Liabilities

Current Liabilities were \$137 thousand higher than budgeted a significant amount of trades payables and accruals remained outstanding at year end than was anticipated. A major part of the liabilities were subsequently paid subsequent to year- end.

Statement of financial performance

Cabinet revenue

Revenue from cabinet was \$2.5 million below budget due to not delivering all budgeted cabinet outputs during the year.

Personnel Costs

Personnel costs were \$893 thousand below budget due to vacancies left unfilled for several months during the year.

Supplies and consumables

Supplies and consumables were \$275 thousand above budget due to exceptional expenses incurred during the year such as the repairs of the District Administration Building and Brac Public Works Vehicle Service Garage Building and purchase of parts for several heavy equipment vehicles in the District Administration Department. Savings achieved in Personnel Costs of \$275 thousand were reallocated to Supplies and Consumables to aid in realising the purchases.

Statement of cash flows

Net cash flows from operating activities

The increase in cash from operating activities is \$6.7 million above budget due to a reduction from prior year in receivables from Cabinet as at 30 June 2014.

NOTE 16: Related party and key management personnel disclosures

Related party disclosure

The Ministry is a wholly owned entity of the government from which it derives a major source of its revenue. The Ministry and its key management personnel transact with other government entities on a regular basis. These transactions were provided free of cost during the financial year ended 30 June 2014 and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

NOTE 16: Related party and key management personnel disclosures (continued)

Key management personnel

Key management personnel, defined as Ministers of the Government, are also considered to be related parties, and as such received the following remuneration.

Actual Prior Year \$'000	Description	Actual Current Year \$'000	Number of persons
1,568	Salaries & other short-term employee benefits	1,287	15
1,568	Total	1,287	15

No loans were granted to key management personnel and or their close relatives.

During the year, the entity had several transactions which are considered a related party to key management personnel. The total dollar value of these transactions totalled to \$15 thousand.

Company	Actual Current Year \$'000
L&M Super Store	15

NOTE 17: Events occurring after reporting date

No events materially affecting these financial statements occurred after 30 June 2014.

NOTE 18: Financial instrument risks

The Ministry is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, advances, accounts receivable, debtor-Cabinet and creditors and other payables. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Credit risk

In the normal course of its business the Ministry is subject to credit risk from debtors other than the Cabinet. The Ministry does not have significant concentrations of credit risk for its other financial instruments.

Currency and interest rate risk

The Ministry has no significant exposure to currency exchange loss risk and interest rate risk.

Liquidity risk

In meeting its liquidity requirements, the Ministry closely monitors its forecast cash requirements with expected cash draw downs from Cabinet and receipts from third parties. The Ministry maintains a target level of available cash to meet liquidity requirements.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

NOTE 18: Financial instrument risks (continued)

All of the Ministry financial liabilities (creditors and payables) will be settled in less than six months from the date of these financial statements.

NOTE 19: Segment Reporting

	Department of Tourism	District Administration	Ministry Administration	National Weather Services	Public Transport Unit	Consolidated
	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Outputs from Cabinet	17,182	6,751	1,869	1,099	426	27,327
Fee from external sources	21	411	25	1	30	488
Total Segment Revenue	17,203	7,162	1,894	1,100	456	27,815
Total Segment Expenses	18,177	8,390	1,451	1,065	483	29,566
Deficit for the period	(974)	(1,228)	443	35	(27)	(1,751)
Budget Appropriation Revenue	18,474	8,060	1,885	1,132	432	29,983
Total Segment Assets	6,251	1,975	4,435	317	436	13,416
Total Segment Liabilities	533	552	679	40	25	1,829
Capital expenditure	25	17	10		71	123

The Ministry of District Administration Tourism and Transport uses segment reporting to identify allocated resources to the operating segments and assesses their performance. The reportable segments are identified, and the disclosures selected, in line with the internal financial reporting system and based on the group accounting policies.

As of 30 June 2014, the Ministry comprised of 5 segments based on operational function. Activities that cannot be allocated to any other segment are reported under Ministry Administration. The segments operational function are described under the heading Description and Principal Activities.

NOTE 20: Commitments

Operating Commitments	Square Feet	One Year or Less	One to Five Years	Over Five Years	Total
		\$'000	\$'000	\$'000	\$'000
Total Operating Commitments	9,450	448	1,148	127	1,723

The London Office in the Department of Tourism leases from the Cayman Islands London Office. The current lease will expire in the year 2021.

The Toronto Office in the Tourism Department leases from Baycor Development and Associates. The current lease was renewed in September 2014 for five years.

MINISTRY OF DISTRICT ADMINISTRATION, TOURISM AND TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2014

NOTE 20: Commitments (continued)

The New York Office in the Department of Tourism leases from the Empire State Building Company L.L.C. The current lease expires in April 2016. The lease is currently being evaluated through the use of an external broker to provide comparable accommodations and lease rates to determine whether to renew or relocate.

The amounts disclosed above as future commitments are based on the current rental rates.

NOTE 21 Comparative Figures

The Ministry has presented prior year comparative information in the financial statements as required under IPSAS 1, Presentation of Financial Statements. However, the prior year information is not comparable given that the Ministry was reorganised after General Election of 2013 and now consist of departments that were not part of the former entity (Ministry of Finance, Tourism and Development). The former entity, nor these new departments were not audited in isolation nor did they prepare and present departmental audited financial statements.